

The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe



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Advancement Under N.R.A. Codes Cited

Business Improvement Since Spring Not Due Solely to Recovery Administration Efforts

MANY DIFFICULTIES STILL EXIST

Lack of Credit Pinches Small Producers With Increased Costs Under Codes

How well is the NRA succeeding? What is it accomplishing? What are some of the larger problems it has to face? Everyone is anxious about the answers to these questions. Reliable answers are hard to obtain. We are traveling along unbeaten paths. Conditions are affected by many developments which are not easy to measure. So no one can speak of the future, or even of the present, with assurance that he is telling the whole story. We discuss the work of the NRA each week on the back page of THE AMERICAN OBSERVER and describe its weekly progress and some of its problems. We shall undertake here to see the movement in a little longer perspective. We may then be able to size it up better to see what its objects are, what it is achieving and what serious difficulties stand in its way.

Improved Conditions

There is no question but that conditions have improved a great deal in the United States during the last half year. Unemployment, while still great and menacing, has diminished by at least 2,000,000. Production in nearly all lines has increased. General business activity increased from February to September about forty-four per cent. Wages advanced. For most of these gains the NRA was not directly responsible. It could not have been, for its provisions are only now going into effect. The business upturn began in March.

How, then, may we account for the improvements of the spring and summer? A number of factors must be taken into account. For one thing there have been signs of recovery throughout the world during these months. Conditions are better not only here but in Great Britain and Germany and France and the other nations. A certain measure of improvement might have been seen in the United States had there been no positive action looking in that direction by the government. But the upward tendency was undoubtedly encouraged by certain things which the government did. We went off the gold standard last spring. That led many people to think, rightly or wrongly, that our dollars would fall in value—that they would buy less in the coming months. Put in another way, people thought prices would rise. Many persons began to spend their money so as to get the benefit of prevailing low prices. Manufacturers began to increase their production in order to take advantage of the low costs of production and in order to have goods to sell if the expected price rises came. Add to all this the fact that a new administration had come into power, that people were looking hopefully for a change which they thought might be for the better, and you have a situation favorable to better business. Then last June the National Recovery Act was passed, and even before it

(Continued on page 7, column 1)



LET'S TRY IT?

—Darling in N. Y. HERALD-TRIBUNE

Maintaining Standards

There is a disposition in some quarters to regard the strict adherence to standards of conduct as being somewhat old fashioned. "Smart" young men and "modern" girls sometimes sniff contemptuously at what they call the "bourgeois virtues," such as honesty, sobriety, punctuality or dependability. We hear too often that it is foolish to be rigid in the maintenance of standards. Be honest on most occasions, of course, and be sober and industrious to a degree, but do not be afraid to let down the bars now and then. Remember, we are told, that these rules of conduct are not ends of themselves but only means to ends. The proper end is happiness and if, on a given occasion, one's judgment tells him that greater happiness will result by the omission of a rule, do not hesitate to put it aside. The trouble with this easy reasoning is that it places an impossible strain upon the conscience and judgment. If one is obliged to weigh all possible consequences and come to a conclusion as to ultimate effects every time a question arises as to the desirability of practicing truthfulness or honesty—if all people are thrown back in that way upon their own judgments as to standards of conduct—we will soon be lost in a moral jungle. The fact is that these standards have developed through the centuries as a result of human experience. They have come into being very slowly. It has been found that, in the long run, we will all be better off if conformance to standards of truth and honesty comes to be established as an inflexible rule. We get along together in a complex society only if we can depend upon our fellows so to conform. And we cannot depend upon them if the question of conformity becomes in each case a matter of individual choice and judgment. It is true, therefore, that one who presumes to set aside accepted standards at will is helping to kick out from under all of us the ladder up which we have so laboriously climbed to our present tolerable state of civilization. One need not take the extreme position that under no conceivable circumstances should one lie or steal or deviate in other ways from the moral standards of his time. He should recognize, however, that the heedless neglect of the ordinarily accepted rules of morality is an act, not of smartness, but of stupid folly.

U. S. Hopes to Avoid Intervention in Cuba

Roosevelt Wants Islanders to Solve Own Problems but Is Ready to Protect Americans

OUR PREVIOUS POLICY STUDIED

American Penetration Has Won Widespread Resentment of Cuban People

A tense situation has developed in Cuba and it is causing the Roosevelt administration uneasy and anxious moments. The sudden collapse of the de Cespedes government, which only a short while ago succeeded the tyrannical régime of Gerardo Machado, has brought forward the question of whether the United States should intervene in the affairs of the island republic and establish a stable government.

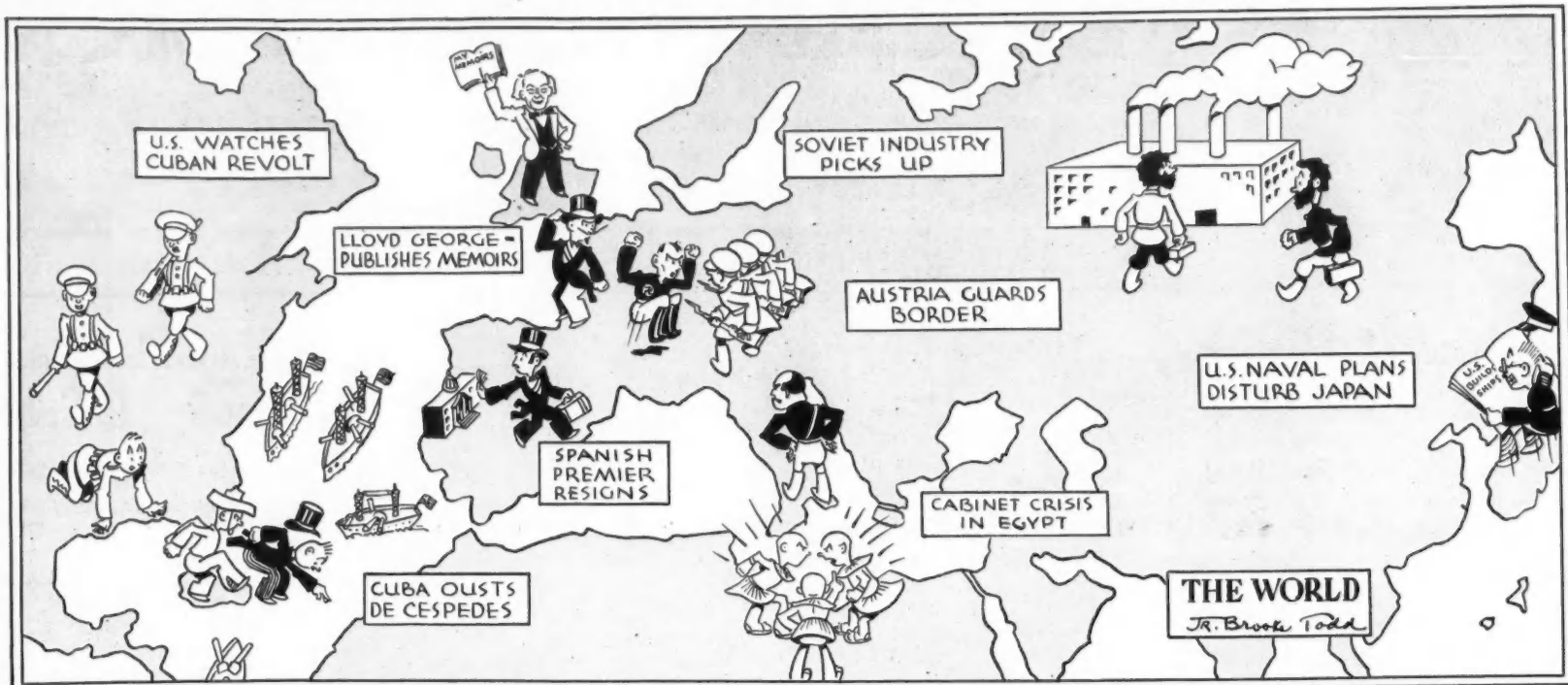
Present Situation

The Cubans themselves are vehemently insisting that they are fully capable of setting up their own government and maintaining order. The threat of American interference has evoked widespread resentment among them. They charge that we have been meddling too long and claim that Cuba should now be allowed to settle her own difficulties. At present the government is under the provisional presidency of Dr. Ramon Grau San Martin, a member of the revolutionary group, or junta, which engineered the second revolution and took charge of the government. This group, representing the more radical elements in Cuban politics, has stated that de Cespedes was too conservative, too reluctant to institute reforms after the fall of Machado, and that he had been placed in power through the instigation of American interests. The present Cuban leaders say they want no more of this. They wish to be left alone to work out their own salvation. However, the new government is none too certain of its power. It does not have the strongest support and there is danger that Cuba will be plunged into disorder.

So far, President Roosevelt has been reluctant to consider intervention and has indicated that he would take control of Cuba only as a last resort, that is, to protect the lives of Americans on the island. But while he would much rather have the Cubans handle their own problem, he is ready to take a hand if he deems such action necessary. As this is written twenty-nine warships are hovering about Cuba. At a moment's notice the island can be placed under the effective supervision of United States armed forces.

The question arises as to why we should feel so perturbed over revolutionary developments in Cuba. What stake do we have in the island that we should send our whole Atlantic fleet scurrying down to Cuban waters at the first signs of trouble? By what right do we thus threaten interference in the domestic affairs of another independent nation?

Our excuse for doing this is, of course, the Platt Amendment. Everyone is familiar with this famous clause embodied in our treaty with Cuba, signed after the war in which we wrested the island from Spain. By the Platt Amendment we are given the right to intervene if the Cuban people should themselves become incapable of



AROUND THE WORLD WITH THE AMERICAN OBSERVER CARTOONIST

maintaining a government "adequate for the protection of life, property and individual liberty." By virtue of this amendment imposed on Cuba when she was accorded her freedom after the war of 1898, we have made ourselves responsible for the maintenance of orderly government on the island.

Our Interests in Cuba

But is it solely because of this responsibility that we find a revolution in Cuba so disturbing? Closer investigation will show that there is another and a more compelling reason. The truth is that Americans have such extensive financial interests in Cuba that the island may be said to be practically owned by citizens in this country. The vast sugar estates in the tiny republic were for a number of years attractive investments for American capital. Today, eighty per cent of the Cuban sugar lands is owned or leased by Americans. The tobacco plantations, the railways, the public utilities are largely in American hands. There are whole towns situated within American-owned tracts of land. The land has passed out of the hands of the Cuban people.

The story of our economic and political relations with Cuba, especially since the war, is not a pretty one to tell. But it should be known for it is the record of an experience which should not be repeated. For information we have only to turn to Carleton Beals' "The Crime of Cuba," a recent exhaustive study of our connections with Cuba. Mr. Beals has lived in Cuba and knows the situation thoroughly. He has interviewed scores of officials, has scanned countless documents and has consulted many authorities. His account is worthy of serious consideration.

Large Corporations

Mr. Beals finds that large American companies, like Electric Bond and Share, American and Foreign Power, United Fruit, American Tobacco, Bethlehem Steel, Hershey, and many others, have gone into Cuba and have just about bought the place up. Among the principal financial houses which have financed operations in Cuba are J. P. Morgan & Company, the Chase National Bank, and the National City Bank. The Cuban government is heavily indebted to these financial houses which have floated large loans in the past.

All this was very well during and shortly after the war when the price of sugar was high and

Cuba was in the way of becoming exceedingly prosperous. But unfortunately, about 1924 the price of sugar, Cuba's principal industry, began to decline and the downward trend has continued ever since, until now sugar cannot be exported at a price over the cost of production. This turn of events placed American interests in an embarrassing position and Americans sought by every means possible to protect their investments.

Machado Reign

An effective instrument to this end was found in the person of President Gerardo Machado, who assumed office in 1925 when the Cuban depression began in earnest. Machado, although supposedly at the head of a democratic government, soon found it convenient to establish himself as virtual dictator. Personally ambitious, he drove out his political opponents and maneuvered so as to control the legislature. When the 1928 presidential elections came around, he had no trouble in being reelected and at the same time forced through a change in the constitution giving him a six-year term instead of a four-year term. During the eight years he was in power he carried on a veritable reign of terror, keeping himself in power by maintaining a well-paid army of 12,000 men and a marvelously efficient secret police force. Any who dared oppose him found their lives endangered. Indeed, many murders were committed in the name of the government.

Various estimates run from 500 to 1,000.

But Machado claimed this was necessary to maintain order. And the fact that he was able to keep order and prevent dangerous radicals from gaining influence, found favor with American financial interests. They supported the tyranny of Machado and were glad to have him in power. The following comment of Oswald Garrison Villard's in the *Nation* is illuminating:

The daily press has reminded the public of the luncheon given for Machado in 1927 in Wall Street, and have reprinted Thomas W. Lamont's fervent remark on that occasion that he "would like to see Machado President of Cuba indefinitely." As I was a guest I have never written of what occurred at that luncheon. Now that the facts are out, I shall merely say that for crassness it exceeded in many respects anything I have ever listened to. Machado revealed himself completely. He assured his hosts that as long as he was president their investments in Cuba would be as safe as those in the United States; that there would be neither revolutions nor labor troubles as long as he sat in the presidential chair. He would fix any one who tried to make trouble. . . .

Such, then, was the attitude of Machado and of those Americans who were financially involved in Cuba. In the meantime, what was happening to the Cuban people? We turn again to Carleton Beals and find that they were continuing the downhill trend which set in almost from the time their independence was gained. Illiteracy was on the increase. In 1908 it was thirty

per cent, today it has reached sixty per cent. In 1900 seventy-five out of every 1,000 inhabitants attended school, in 1932 only twelve. Morality had been undermined until there was more vice in Havana in proportion to population than in Paris, Berlin or Marseilles. Justice had become a joke and criminals were being turned loose with the understanding that they would kill those who were discontented with the government. The Cubans who had owned their land were dispossessed as the cultivable land was drawn into the tentacles of large enterprises. The account might be prolonged indefinitely but enough has been cited to reveal the deplorable plight to which Cuba sank under the ruthlessness of Machado.

American Attitude

While these things were happening what was the attitude of the American government toward Cuba? We were keeping to a policy of "hands off," holding that so long as a government capable of maintaining order existed we had no right to interfere. This policy was based on an interpretation of the Platt Amendment made in 1901 by Elihu Root, at that time secretary of war. Root assured Cuba that "intervention in Cuban affairs will only take place to protect the independence of the Cuban Republic from foreign attack, or when a veritable state of anarchy exists within the republic." As by no stretch of the imagination could it ever be said that anarchy existed during the time of Machado, the United States never moved to interfere and restore good government to the island.

There is evidence, however, that the Machado government did not have the complete disapproval of Presidents Coolidge and Hoover. For example, when President Coolidge went to Havana in January, 1928, to attend the opening of the Pan-American Congress, his speech contained the following remarks:

The very place where we are meeting is a complete demonstration of the progress we are making. . . . Her (Cuba's) people are independent, free, prosperous, peaceful and enjoying the advantages of self-government. . . . They have reached a position in the stability of their government, in the genuine expression of their public opinion at the ballot-box, and in the recognized soundness of their public credit that has been commanded universal respect and admiration.

And when President Hoover received the Cuban ambassador, Os- (Concluded on page 7, column 4)



UNITED STATES MARINES MOBILIZE AT QUANTICO, VA., READY TO DEPART FOR CUBA IF NECESSARY



RICHARD E. BYRD, noted explorer, who has flown over both the North and South Poles, is leaving the last of this month on another exploration journey to the South Pole. He will take with him about seventy men. They will go in two ships and will not return for about two years.

The purpose of Mr. Byrd's newest expedition is to explore thoroughly the vast continent which surrounds the South Pole—the continent of Antarctica. That region is known to be larger than the United States and Mexico combined. But no one can live there. The land is covered almost entirely by a great dome of ice which rises in some places 10,000 feet in height. The whole continent is in the clutches of the ice age just as our own country was many thousands of years ago.



RICHARD E. BYRD

It is believed, however, that there are large deposits of oil, coal and other natural resources in Antarctica. Mr. Byrd plans to find out to what extent this is true, to map territory which has never before been explored, and to obtain much scientific information concerning weather conditions which affect South America and the world at large.

Chemists Meet in Chicago

Last week 3,000 chemists, representing the country's largest industrial concerns, universities and technical schools, gathered at Chicago for the Century of Progress meeting of the American Chemical Society. Addresses were delivered by noted chemists, telling of the great contributions which chemistry has made, during the last 100 years, to agriculture, industry and health.

One of the most widely discussed speeches on the program was made by Professor H. C. Sherman of Columbia University. He predicted that in a short time, human life would be prolonged at least ten per cent by scientific diet. He said that great gains are being made in proper nutrition, and that it won't be long before these discoveries are passed on to the masses of people by a campaign of education. The lengthening of man's life, he declared, is highly significant, for it promises to retain in the service of civilization the ripe wisdom of men at an age when, in the past, they usually have been too feeble physically to take an active part in the world's affairs.

Professor Sherman mentioned milk, eggs, fruits and vegetables as some of the essential foods for raising health standards.

Italy's Public Works

This country is launching the largest public works program in its history. The chief purpose behind this program is to put men back to work, thereby increasing the country's purchasing power and thinning out bread lines. A similar enterprise has been under way in Italy for a number of years, but for a different reason. The Italian government has had to spend vast sums of money on public works to meet a population problem—a problem which has been greatly intensified by immigration restrictions in most of the large nations of the world. For example, in 1913, more than half a million Italians migrated to the United States. By 1928 this number had fallen to 70,794.

Premier Mussolini, of course, is very pleased that Italians are no longer leaving their country in such large numbers. He wishes them to stay and help make Italy a great power among nations. But Italy's population has been growing so rapidly that something has had to be done. So Premier Mussolini has spent hundreds of millions of dollars in reclaiming marshes and other unlivable lands, turning them into thriving communities or into profitable farm lands.

Train Wreck Fatalities

Last year not one passenger was killed in a train wreck. For the last several years, in fact, riding on trains has become more and more safe. But the good record has at last been marred. There have been three train wrecks in recent weeks, resulting in a loss of twenty-five lives.

Mr. Joseph Eastman, who was appointed

by President Roosevelt to supervise the railroads and to help them out of their bad financial condition, believes that these wrecks are mainly due to poor railroad equipment. For one thing, he thinks that wooden passenger cars are dangerous and should not be used. One of these cars was completely crushed between two steel coaches in a recent wreck, causing several deaths. Mr. Eastman urges the railway companies to take advantage of their opportunity to borrow from the Public Works Administration in Washington, and to use this borrowed money for the purpose of repairing and replacing old equipment, rails and tracks. The railway companies have been hesitant to borrow large sums of money, however, until they are certain that their business will continue to improve.

Fighting Insects

Modern science never dares to cease its warfare against the insect menace. If it did the loss of life and the damage to crops would jump by leaps and strides. No cultivated crop is safe from the hunger of crawling and flying insects. Their damage to crops is estimated at well over a billion dollars a year.

A new kind of warfare against insects which prey upon orchards is being tried out by an agricultural experiment station in the state of New York. Those in charge of the experiment have placed bright lamps in or near apple trees. The lamps are placed in such a way as to do no damage to the trees. On the outside of the lamps are bars which electrocute insects trying to get near the lights. The results so far obtained from this experiment have been very successful. It has been found that lighted orchards yield about thirty more perfect apples out of every hundred than unlighted orchards. And the expense of installing the lamps is small compared to the higher yield of perfect apples.

Spain's Premier Resigns

Premier Manuel Azaña of Spain and his cabinet resigned, last week, because of the strong opposition against them in the Spanish Cortes (parliament). The Azaña government came into power when King Alfonso yielded his throne in 1931. It led the work of drafting a constitution for the newly born republic. This constitution has distinct socialistic tendencies. It gives the government the right to nationalize—that is, to manage for public service—property and essential industries whenever it deems such action necessary. The drafters of the document intended that Spain should be a country in which all should enjoy equal opportunity and in which there should be a fair division of wealth.

But Premier Azaña's attempt to carry out the provisions of the constitution has embittered two sets of Spaniards against him and his government. One of these is the Catholic Church. Nearly all Spaniards are Catholics and until Spain became a republic, the Catholic Church played an important role in the political affairs of Spain. But Premier Azaña and his government stripped the church of all its political power and restricted its activities entirely to religious matters. Spanish landowners are also violently opposed to the recently overthrown government, as Premier Azaña and his cabinet led the movement to take large estates away from their owners and divide them among the masses of people.

At the time of this writing, Premier Azaña's successor has not been chosen by Alcalá Zamora, president of Spain. Spaniards are so divided in their political beliefs, and there is such great unrest in Spain, it is difficult to choose a premier who will satisfy a majority of the people. It is certain, however, that the deposed premier, Manuel Azaña, will continue to play a prominent role in the new government, as he has great influence over the Spanish people.

29 States for Repeal

Last week, Maine, Colorado, Minnesota and Maryland added their names to the list of states favoring prohibition repeal. Eleven more states will cast their votes on this issue by November 7. As only seven more states are needed to ratify the repeal amendment, it seems a certainty that the eighteenth amendment will be removed

from the Constitution by the close of 1933.

Sleeping Sickness Epidemic

St. Louis is watching with grave anxiety the gallant efforts of the nation's leading medical scientists to check the epidemic of sleeping sickness (encephalitis), which has swept over that city in recent weeks. Approximately 150 lives have been taken by the mysterious disease in St. Louis. Medical authorities have been especially concerned over the high death rate of this epidemic—about one death out of every five cases.

The medical profession is completely baffled as to the cause or cure of this disease, which eats away the tissues of the brain and other vital organs of the body. The chief hope in fighting the sleeping sickness outbreak has centered on experiments with six monkeys which have been inoculated with the malady.

Charity Cases Decrease

That the government's program to put people back to work has made progress is shown by the decrease in the number of families on relief rolls. About 270,000 families, who were dependent upon relief in June, were able to provide for themselves in July, according to the Federal Emergency Relief Administration. While there are still 3,000,000 families which are compelled to accept charity as a means of livelihood, it is thought that this number can be greatly reduced before next year.

Lloyd George's Memoirs

David Lloyd George, former prime minister of England, and one of the most powerful figures in world politics at the close of the World War, has published his war memories. He is very harsh in his criticism of England's part in the war. The war, he insists, should have ended in 1916, had not England and France been determined to deal Germany a crushing blow. He lashes the London War Office again and again for supporting France in keeping the conflict going long after Germany and her



© H. & E.

DAVID LLOYD GEORGE

followers were ready to negotiate for peace. Millions of lives were lost needlessly, Mr. Lloyd George indicates, due to the stupidity and the militaristic attitude of the London War Office.

In recent years, Lloyd George's political fortunes have waned steadily. His once-powerful Liberal party has trod the same downward path, until now it has just a handful of followers.

Federal Employees Abroad

It is expected that President Roosevelt will request Congress to increase the pay of American government employees abroad in order to take care of the effects of the depreciation of the dollar upon their salaries. At present, the government is shipping gold abroad to pay its employees each month and the gold is converted into the currencies of the countries where the employees are located.

Davis Seeks Arms Control

Several days ago, Norman H. Davis, United States ambassador at large and delegate to the Geneva Disarmament Conference, conferred with high government officials of France and England. The topic of conversation was disarmament. The way things are lining up it seems as though France, England and the United States will present a united front, at the disarmament conference which convenes in October, for the supervision of armaments; that is, to create an international body to see that each country is living up to its disarmament agreements. If such supervision could be brought about, it is thought that France and her allies would be willing to disarm to a considerable extent, whereas now they fear that Germany is violating the Versailles Treaty by secretly preparing for war.

It will be difficult, however, to obtain Germany's consent to supervision of arma-

ments. Her position is that France and her allies should disarm first, and then when Germany has gained military equality with other European powers, she will be willing to support any plan to control armaments. Despite the failures of every other attempt to bring about a compromise between France and Germany on the question of disarmament, Mr. Davis is still hopeful that results can be obtained at Geneva this fall.

Air Conditioning

Air conditioning appears to be one of the most promising of new industries. It is frequently predicted that this industry will make as rapid strides in the next ten years as the radio industry has made in the last decade. Not only does air-conditioning equipment bring comfort from the heat of summer, but it also purifies the air, removing dust and odors. Also, it provides heat in the winter.

Air-conditioning equipment has been installed on a fairly large scale in theaters and other amusement houses, restaurants, department stores, and large homes. The expense of installing such an apparatus has heretofore been so heavy that most people could not afford it for their homes. But a medium-priced apparatus, suitable for the average home, has recently been placed on the market. A further reduction in price is thought to be necessary, however, before air-conditioning is installed on a mass scale.

Hollywood Booms

One of the greatest production booms in years is under way in Hollywood. Motion picture studios are greatly increasing their forces and are rushing production in anticipation of a marked improvement in theater attendance this fall and winter. These studios have lent their full cooperation in giving screen publicity to the NRA. And at the rate they have speeded up production they must believe that recovery is "just around the corner."

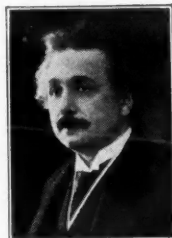
Education in a Democracy

A democratic society is under obligation to provide adequate education for youth at public expense, according to a recent report issued by the National Conference of Financing of Education, which held meetings at Columbia University from July 31 to August 11. The conference report goes even further and declares that a democratic society should furnish a livelihood to youth if necessary up to the age when society is prepared to offer employment. Therefore, the report concludes, since many local and state governments are no longer able to provide adequate education for their young people the federal government should take over this responsibility.

At the same time that the conference report calls upon the federal government to aid education, however, it also urges sweeping changes in the American educational set-up. The 150,000 one-room schools which still exist would be erased from the educational picture. They would be consolidated into "central school plants" built under the NRA public works program. Busses would be used for transporting students who lived too far from school. By combining thousands of smaller schools, the conference report contends, large economies could be made in teaching staffs and taxes could be collected from a larger area for meeting each school's expenses. This report is to be sent to the leading educators of the country "for rejection, approval or change."

Einstein Threatened

Is there a price on Professor Albert Einstein's head? Rumors are flying about to the effect that a Nazi society in Germany has offered a cash award for the murder of the noted scientist. The rumors have become so persistent that Professor Einstein and his wife have left their retreat in Belgium and have gone to a quiet spot on the east coast of England. The professor scoffs at the idea of a plot against his life, but, nevertheless, he is heavily guarded. He is one of Hitlerite Germany's bitterest critics and his outspoken protests against the Nazis' treatment of the Jews is the basis for the belief that certain Nazis are planning to take his life.



ALBERT EINSTEIN

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What of the Future?

When you read that the steel industry, the coal industry, the automobile industry and each of hundreds of other industries are forming codes, do you ever stop to think what the meaning of all this code forming is? You will be impressed if you will take the time to read one of these codes. They are not all the same. They differ in the case of different industries, for each industry has its own separate problems and it tackles them in its own peculiar way, but certain general facts may be noted about nearly all the codes. They all have clauses dealing with wages. All of them fix minimum wages below which none of the companies in the industry may go. They may fix wage rates for different classes of work within the industry. Then they have clauses pertaining to hours. They prescribe maximum hours beyond which no company may go. Some of the codes have clauses describing rules under which companies engaged in the industry may operate. Certain practices are declared to constitute unfair competition and they are outlawed. Some of the codes provide for price fixing. They fix a general or fair price for certain standardized articles and declare that no company shall deviate more than a fixed percentage from this standard.

All this constitutes the establishment of laws which shall govern firms engaged in business. All the firms in an industry are brought within the realm of law—the law of that industry. An individual business man can no longer conduct his business as he sees fit. He cannot even conduct it as he sees fit provided he obeys the laws of the nation and the state. There is another set of laws that he must recognize—the laws of his own industry which were made by himself and other companies. Not only is law established for industry, doing away with the old individualism by which each man operated as he wished, but machinery is established for the enforcing of the law. Each industry has its governing committee, appointed to see that the codes are respected. This marks a decided departure from our old ways of conducting business.

The form of organization may outlast the depression. It is quite possible that business men will find themselves much better off by having formed themselves into trade associations. But what will be the effect upon the country as a whole? What will be the effect of a powerful organization of all the companies in an industry into one strong, compact unit? The manufacturers of steel, or automobiles, or furniture, or stoves, or pianos, or of any other kind of goods need not act separately any more. They may stand together in their trade associations. Will these trade associations be so strong that they can fix prices?



ALL GOD'S CHILLUN GOT WINGS!

—Talbot in Washington News

Will they put prices so high as to injure consumers? Can they control wages and will they, acting together, put wages down so as to injure workers? They are prevented from doing these anti-social things now because, during this great emergency, the government places an iron hand on them and looks out for the consumers or the workers.

Will the government retain this iron hand when the emergency is over? Will it exercise a close supervision over industry, guarding the interests of workers or consumers, or, will the workers unite so as to protect their own interests? Will the control of each industry in the future rest not merely with the owners of the different companies, but with these owners or employers, together with representatives of the workers? In future times will the laborers of each industry be organized, and will they have a hand in the making of such rules as affect labor? Will organizations of consumers have a hand in the making of decisions which affect consumers?

These are vital questions—very vital questions. The nature of American industry will be deeply affected by the way they are answered. The lives of Americans will be deeply affected. The answers cannot be given by any person at this time because we are in the midst of a great experiment and no one knows how it will work out. But the citizens of the United States will answer the questions in the years to come and this responsibility resting upon American citizenship is a heavy one.

Department Store Sales

The Federal Reserve Board publishes monthly figures on department store sales and stocks, adjusted for seasonal variations. The figures are reported by almost 400 stores, chiefly large establishments with elaborate systems of inventory control. It may be that these systems enable department stores to keep stocks closer to actual demand than in the case of other retail stores without such systems. There are practically no comprehensive and reliable figures on inventories of wholesale establishments and manufacturing plants.

The preliminary figures for department store sales in August show an increase of about six per cent over July, of about ten per cent over June, and of about thirty-two per cent over March. To some extent this increase in the amount of sales during August was due to the higher prices prevailing in that month. However, the Fairchild index of the retail prices of four commodities sold largely in department stores—piece goods, women's apparel, men's apparel and infants' wear—was only about ten per cent higher at the end of August than at the end of March. Hence a considerable proportion of the greater sales in August was due to consumers' purchasing.

The figures on stocks on hand at the end of August are not yet available, but stocks at the end of July, adjusted for seasonal variation, were only about eleven per cent higher than at the end of March. (This figure would be somewhat higher if it included goods stored in outside warehouses.) Inasmuch as sales in July were about twenty-five per cent higher than in March, department stores sold substantially more goods in that four-month period than they bought.

In this picture of the retail trade situation, some observers see proof that NRA is working satisfactorily. These observers point out that production outran consumption in the spring and early summer because many producers took advantage of low costs, because much speculative wholesale buying occurred, and because time was required for consumers' purchasing power to increase. According to this point of view, it is natural for production to be declining now, until retail sales begin to make heavy inroads into goods already produced. These observers believe that if retail stores continue to sell more than they buy, it will not be long before the production of most goods will again be stimulated. Hence the importance of the "Buy Now" campaign, scheduled for the latter part of September, cannot be overemphasized.

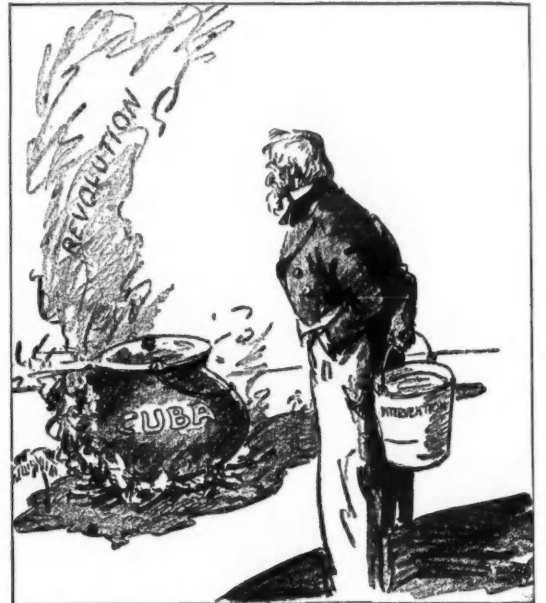
A Constructive Suggestion

That America is a crime-ridden nation we all admit. Statistics proving it have been showered upon us until we are weary. But what can we do about it? Assuming that we admit all that is charged about our disgraceful crime record, what steps can we take to remedy the situation? How can the nation best deal with the problem? The Emporia Gazette makes this constructive suggestion which is worth quite a little thoughtful attention:

The American people are demanding that banditry, kidnapping and crime be curbed, but are they willing, as individuals, to be put to any considerable inconvenience in order to do it?

Major crimes of violence are almost unknown in France, and their punishment almost a certainty. Every citizen of the Republic must register once a year with the chief of police of his community, and receives an identity card bearing his name, age, birthplace, residence, photograph and fingerprints. This card he must carry with him always under penalty of a heavy fine.

If he goes on a business trip, he must present this card at the hotel before he can register, and his presence is made known to the local police. If he receives overnight visits from relatives or friends in his own home, he must notify the police when they arrive, who they are, and when they leave. It is no idle boast that the head of the French secret service



LET'S HOPE THE WATCHED POT WON'T BOIL OVER

—Kirby in N. Y. WORLD-TELEGRAM

can, if need be, locate any citizen of the Republic within 24 hours. People harboring strangers in their homes are immediately visited by the police if they do not report the guests.

Such a system would wipe out organized crime almost overnight. Kidnapping hide-outs would be impossible. A criminal fleeing to another town after a machine gun killing would be quickly apprehended.

Yet the American would probably never submit to it. He roars loudly that the police should stamp out crime. Yet how he would whoop and scream if the government forced him, a decent, law-abiding citizen, to submit to fingerprinting and carry an identification card.

Cuban Intervention?

Should the United States intervene in Cuba's affairs? Or should the island be permitted to solve its own difficult problems just as we were after our Civil War? The Baltimore Sun is of the opinion that the United States should not interfere in the Cuban situation, unless conditions become deplorable in the island:

President Roosevelt says intervention in Cuba will be a last resort. Secretary Hull indicates that this country is leaning backward to avoid the use of force. The Administration has made such disposition of our naval forces in southern waters as will enable us to meet any eventualities that may occur, but at the same time it appears to be keeping its feet firmly planted on the ground of prudence and caution.

This commendable attitude is in accord with the policy of the "good neighbor" by which President Roosevelt promised to be guided in his dealings with other countries. It is in accord with the policy Secretary Stimson enunciated in 1931, when he refused to permit the reinforcement of our Marine detachment in Nicaragua. It is in accord with sound sense and enlightened national interest. We have a great stake in the republic of Cuba. Our investments there amount to more than a billion dollars on the basis of 1930 values. Thousands of our citizens live and do business under the Cuban flag. Nothing would be so likely to prejudice our interests or make it difficult for Americans to continue in business in Cuba as a policy of coercion in the present crisis.

Mr. Stimson laid down in the Nicaraguan crisis of 1931 the rule that if American citizens in that country would come to certain points along the coast where our vessels could reach them they would be protected. That would seem to be a good rule for the Roosevelt administration to follow in the present emergency. If we undertake to do more we may find ourselves involved in the internal affairs of the republic in such a way as to overstep the boundaries of prudence. So long as the administration perseveres in its effort to avoid such an involvement, it will enjoy, we believe, the support of an overwhelming majority of the American people.

A Canadian court has ruled that it is wrong for a wife to go through her husband's pockets. It's not only wrong, it's practically a waste of time these days.

—Roanoke Times

Monkeys in the zoo often go crazy from watching the actions of their audience. A few weeks in a rest house is required to bring them back to normal.

—LIFE

Probably as soon as we get the whole nation motorized the supply of gasoline will give out.

—New York Herald-Tribune

Railroad executives who are forced to struggle along on a salary of \$60,000 a year should work for the success of the NRA in the hope that they can eventually be restored to a living wage.

—Charleston Evening Post

Speaking of ingratitude, what about the mosquito that bites the hand that feeds it?

—Roanoke Times

When we have universal fingerprinting it will go hard with the small boy who samples the jam.

—Philadelphia Evening Bulletin

Organization of U.S. Industry Under N.R.A. Codes Main Summer Event

In order to provide our readers with a summary of the principal events of the summer, we are devoting this page—generally given to book reviews and current magazine articles—and the next page—the regular feature of which is a treatment of state and local problems having social significance—to a review of the happenings of June, July and August. This page covers the domestic field and page six the international developments.

At the beginning of June, Congress was still in session. It was finishing up with the Roosevelt recovery program legislation. It was debating one of the most momentous pieces of legislation ever presented in time of peace, the National Industrial Recovery Act. The Senate Committee on Banking and Currency was continuing its investigation of private bankers' practices at which J. P. Morgan and members of his firm were the principal figures. Ferdinand Pecora, counsel for the committee in charge of the investigation, had brought to light many pertinent facts which startled the American public. The day-by-day record of the months of June, July and August in the domestic field of events is as follows:

June 1. Pecora explained the provisions of the tax laws by which J. P. Morgan and his partners were able to escape the payment of income taxes during the years 1931 and 1932.

June 2. An American Federation of Labor survey stated that recovery in the United States was impossible until wages were substantially raised.

June 4. The Reconstruction Finance Corporation made a loan of \$50,000,000 to China to buy American wheat and cotton.

June 5. The House of Representatives rebelled against certain features of the National Industrial Recovery Act. The Senate, previously staging a similar revolt, was brought back into line by pressure from the administration. President Roosevelt insisted that Congress retain the cuts made in veterans' compensation or else provide new taxes to meet the increased costs. The Senate passed the Home Loan bill. The Van Sweringen brothers, railroad magnets, testified before the Pecora investigation. Illinois voted overwhelmingly in favor of prohibition repeal.

June 6. Indiana voted in favor of prohibition repeal. President Roosevelt yielded on the question of veterans' compensation, although he failed to win the House. The president signed the Wagner

bill providing for a federal employment service.

June 7. President Roosevelt cut down his recovery program legislation in order to obtain the early adjournment of Congress.

June 8. The president submitted a new veterans' plan to the House in the hope of breaking the deadlock over the issue of compensation. The railroad bill was approved by the Senate and House conferees.

June 9. The Senate passed the National Industrial Recovery Act. Both houses passed the railroad bill, as approved by the conferees. The Morgan inquiry ended with a strong defense of his organization's practices by Mr. Morgan. Louis M. Howe, presidential secretary, was sharply criticized in the Senate for making weekly radio broadcasts at \$900 each.

June 12. President Roosevelt signed the Home Loan bill. He threatened to veto any legislation which would lop off greatly from the savings in the veterans' administration and to defend his position before the American people in a nation-wide broadcast.

June 13. Both houses passed the modified Glass-Steagall bank reform bill. The Senate passed the National Industrial Recovery Act. President Roosevelt studied a British debt proposal offering a reduced payment of the June 15 war debt installment.

June 15. The veterans' compensation issue blocked the adjournment of Congress, originally planned for the 10th.

June 16. Congress adjourned at 1:20 a. m. after capitulating on the major features of the veterans' fight. The president signed the Glass-Steagall banking bill, the NRA, and other measures passed by Congress, and issued orders starting the machinery of the NRA into motion. He left Washington for a vacation cruise.

June 19. Bernard M. Baruch, former chairman of the War Industries Board, and close adviser of the president, was asked to come to Washington to advise on matters of policy. The various boards and experts for the NRA were named. Joseph B. Eastman, newly appointed head of the railroad administration, induced railroad companies to postpone for eight months a contemplated wage cut. The first temporary code under the NRA was drafted by the cotton textile industry.

June 20. Connecticut, New Hampshire and Iowa voted for prohibition repeal. Raymond O. Moley, assistant secretary of

state, conferred with the president on the latter's vacation yacht prior to Mr. Moley's departure for the London conference.

June 21. Professor Moley sailed for London to act with the American delegation at the World Economic Conference.

June 22. Chairman Eastman of the railroad administration announced a plan of railroad consolidation, dividing the roads into three main groups.

June 23. A consumers' board was established in Washington to work with the NRA in the prevention of too rapid price increases.

June 24. The president appealed

to the cotton growers to reduce their production according to the agricultural adjustment administration's plans.

June 27. Secretary Wallace announced that the processing tax on wheat would become effective July 9. The Senate Banking Committee continued its investigation of private banking with Otto H. Kahn as principal witness. West Virginia and California voted in favor of the twenty-first amendment.

June 30. The government closed the fiscal year with a deficit nearly one billion dollars smaller than a year earlier.

July 2. The R. F. C. made a loan of \$4,000,000 to Soviet Russia with which to buy American cotton.

July 3. At the first cabinet meeting held since his departure from the capital on June 16, President Roosevelt discussed his domestic recovery program.

July 7. General Johnson told industry to speed up the recovery movement by completing their codes as soon as possible.

July 8. President Roosevelt urged the southern states to ratify the repeal amendment. The president named Secretary of the Interior Ickes as head of the public works administration.

July 9. The president signed the cotton textile code, the first of the major codes.

July 13. Secretary Wallace announced that all milk dealers would be licensed as a feature of the farm relief plan.

July 14. The A.A.A. ordered a processing tax on cotton and an acreage reduction.

July 17. General Johnson was working out a blanket code for all industries.

July 18. Alabama and Arkansas voted in favor of the repeal amendment. Secretary of Labor Perkins reported that 500,000 workers had found jobs in June.

July 19. General Balbo and his fleet arrived at the Chicago Fair from Italy.

July 20. President Roosevelt approved the blanket code for industry. Tennessee voted for prohibition repeal.

July 21. Wets won in Oregon repeal vote. President and NRA planned an intensive campaign to put across the recovery program.

July 24. In a nation-wide radio address, President Roosevelt urged the entire country to back wholeheartedly the NRA program.

July 25. The governors' conference at Sacramento pledged support to the recovery program.

July 26. The president ordered federal agents to wage war on kidnappers.

July 27. The response of employers to the president's appeal was almost universal as they rushed to sign up under the Blue Eagle.

July 31. The month ended with consideration of codes the main event in the capital.

August 1. The NRA drive officially opened.

August 2. Professor Moley was shifted from the State Department to the Department of Justice to conduct a study of crime in this country.

August 3. The NRA intervened to end the coal strike in Pennsylvania.

August 6. General Johnson issued a call to the American people to "Buy Now."

August 7. Employers were warned against violation of their agreements under the Blue Eagle.

August 8. The government announced that it would buy only from Blue Eagle concerns. Hearings for the bituminous coal code opened before the NRA in Washington. Arizona was won by the wets in repeal campaign.

August 9. The president issued an appeal for peace in Cuba.

August 10. The federal bureau reorganization became effective. In a speech delivered at Baltimore, General Johnson urged the people of the country to cooperate with the NRA by buying what they need at once.

August 12. Secretary of Agriculture outlined the A. A. A.'s plan of wheat acreage reduction.

August 13. President Roosevelt ordered three warships to Cuba to protect American lives and property.

August 14. It was estimated that 10,000,000 workers were under the newly adopted codes.

August 15. Representatives of the steel industry withdrew from the code hearings as William Green, president of the American Federation of Labor, appeared to present organized labor's views. The president recalled the warships from Cuba as the new government reestablished order.

August 17. General Johnson drafted a code for the oil industry. Employment was reported to be back to the October 1931 level.

August 18. The president assumed control of the oil industry temporarily, the position of administrator later being given to Secretary of the Interior Ickes.

August 19. President Roosevelt signed the codes for lumber, steel and oil. Missouri voted 2 to 1 for prohibition repeal.

August 22. General Johnson urged the nation to desist from violence and man hunts in the NRA campaign.

August 25. The auto code was finally completed and accepted.

August 26. Texas joined the ranks of the repeal states.

August 29. Washington voted for repeal. The president lifted the embargo on newly mined gold.

August 30. Organized labor announced that the codes did not provide for high enough pay and short enough hours to meet the recovery needs.



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GENERAL JOHNSON PRESIDES AT THE COTTON TEXTILE CODE HEARING



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PRESIDENT ROOSEVELT CALLS UPON THE NATION TO SUPPORT THE N.R.A.

Economic Parley, Austria and Cuba Featured in Foreign News Summary

In the foreign field, the principal topic of interest at the beginning of June was the forthcoming World Economic Conference. Secretary of State Hull had sailed the day before to head the American delegation. The principal subject facing the conference, it appeared, would be that of currency stabilization as so many countries, including the United States, had abandoned the gold standard and had fluctuating currencies. In Germany, the Nazi government was making attempts to solidify its position by outlawing other political groups. Following is the day-by-day record of international events for June, July, and August:

June 1. The Chinese began withdrawing their troops from a large area in accordance with the terms of a truce signed by Japan and China.

June 2. The German government announced a partial moratorium on private debts in order to facilitate the recovery movement in that country.

June 4. Premier Mussolini of Italy renewed his attempts to secure the acceptance of the four-power pact by the terms of which Great Britain, France, Germany and Italy would guarantee the peace of Europe for a period of ten years.

June 5. It was reported that the American delegates in London would seek a ten per cent reduction in world tariffs. Japan began withdrawing troops from northern China according to the terms of the recently signed Sino-Japanese armistice.

June 6. The Council of the League of Nations considered the question of the treatment of Jews in Germany.

June 7. Great Britain, France, Germany and Italy signed the four-power pact designed to insure the peace of Europe. Norman H. Davis, American ambassador at large, and Edouard Daladier, French premier, conferred in Paris on the disarmament question.

June 8. Secretary Hull, upon his arrival in London, expressed optimism as to the outcome of the trade conference. The government of Spain, headed by Premier Azaña, was dismissed by the president. The disarmament conference adjourned until July 3.

June 9. The British cabinet took up the question of payment of the war debt installment due June 15.

June 11. On the eve of the opening of the World Economic Conference, the American, French and British delegations sought an agreement on currency stabilization, but without success. The ousted Spanish cabinet was reinstated.

June 12. The World Economic Conference opened in London. Prime Minister MacDonald surprised the delegates by bringing up the war debt issue in his opening address. Secretary of State Hull called upon the world to end its economic warfare. The Austrian government closed down the Nazi headquarters in Austria.

June 13. The British government offered a part-payment of their June 15 debt installment. The Austrian government made an appeal to outside nations for help in putting down the Nazis.

June 15. The Austrian government received a loan of \$40,000,000 from the League of Nations as an aid in putting down the Nazi movement in that country. Only four nations made payments on their debt installments to the United States, France and many of the other nations defaulting for the second time. James M. Cox, American delegate, was elected chairman of the monetary committee at the London conference.

June 18. The London conference reached a deadlock over the stabilization issue. President Roosevelt failed to clarify his position, although he appeared to be opposed to stabilizing the dollar at once.

June 19. The Austrian government formally outlawed the Nazi party. Reports from Manchuria indicated that bandits were again overrunning the country.

June 20. The German press protested strongly against the Austrian ban of Nazis. The American delegation in London appeared bewildered in trying to formulate a definite program. The other nations blamed the Americans for the deadlock which the conference had reached.

June 21. The Hitler government outlawed the private army of the Hugenberg Nationalists. Efforts for an economic union of the Danubian states were pushed at London.

June 22. The German Socialists were ousted from the Reichstag by Hitler and

hands in insisting upon the maintenance of the standard. The Nationalist party of Germany was dissolved.

June 28. Vice-chancellor Franz von Papen of Germany conferred with the pope at the Vatican on the question of the status of Catholics in the Reich.

June 30. The Austrian diet, or parliament, ousted all Nazi members.

July 2. Raymond O. Moley, special representative of the president at London, and Foreign Minister Litvinoff of Russia conferred on the question of sale of American cotton to Soviet Russia.

July 3. President Roosevelt definitely refused the stabilization proposals of the economic conference, making immediate adjournment of the parley almost inevitable.

July 5. The Catholic Center party of

the United States at the economic conference.

July 14. The German cabinet issued a decree calling for the confiscation of the property of Nazi enemies. The Italian armada, under General Balbo, arrived in Montreal.

July 17. Arthur Henderson, president of the disarmament conference, arrived in Berlin for conferences with government officials on arms reduction.

July 18. Henderson recommended to German officials that they have a frank exchange of views with heads of the French government in order to insure success for the disarmament conference.

July 20. A conference of Jews, meeting in Amsterdam, demanded a world-wide boycott of German goods as a protest against Nazi treatment.

July 22. A silver agreement was reached and signed by eight nations at London.

July 23. British Jews voted not to declare a boycott on Germany at this time.

July 24. Spain thwarted an attempted revolution by arresting 400 persons.

July 27. The World Economic Conference ended in almost complete failure.

July 31. Gandhi and his wife were arrested in India for their participation in a civil disobedience march.

August 1. Serious disorders and riots broke out in Cuba.

August 2. Great Britain, France, and Italy reported prepared to warn Germany against conducting a campaign of propaganda against the Austrian government.

August 3. A general strike of transportation workers appeared imminent in Cuba.

August 6. President Machado of Cuba was said to be prepared to invoke martial law in order to put down the strike which was spreading over the entire island.

August 7. The British and French governments protested to Germany against the spreading of Nazi propaganda in Austria. A delicate situation prevailed throughout Europe as a result of the Austrian problem.

August 9. Italy informed the other nations that Germany had promised to stop its propaganda campaign in Austria.

August 10. President Roosevelt appealed to Cuba to restore peace.

August 11. President Eamon de Valera of the Irish Free State, barred a parade by the Irish Blue Shirt organization, the Irish Fascists. The Cuban army rose up in revolt, requesting the resignation of President Machado.

August 12. Machado fled from Cuba. Carlos Manuel de Cespedes became the new president of Cuba.

August 13. President Roosevelt ordered three warships to Cuba to protect Americans.

August 14. The Yellow River in China overflowed, causing disastrous floods.

August 16. President de Cespedes of Cuba took steps to restore permanent quiet and order to the island.

August 17. Mahatma Gandhi began another fast in his prison because the government officials refused to comply with certain of his wishes.

August 19. The Japanese war minister made overtures for an American-Japanese nonaggression pact.

August 21. The allied nations prepared to take further steps to prevent the Nazis from coming to power in Austria. They revived the plan for an economic union among the Danubian nations.

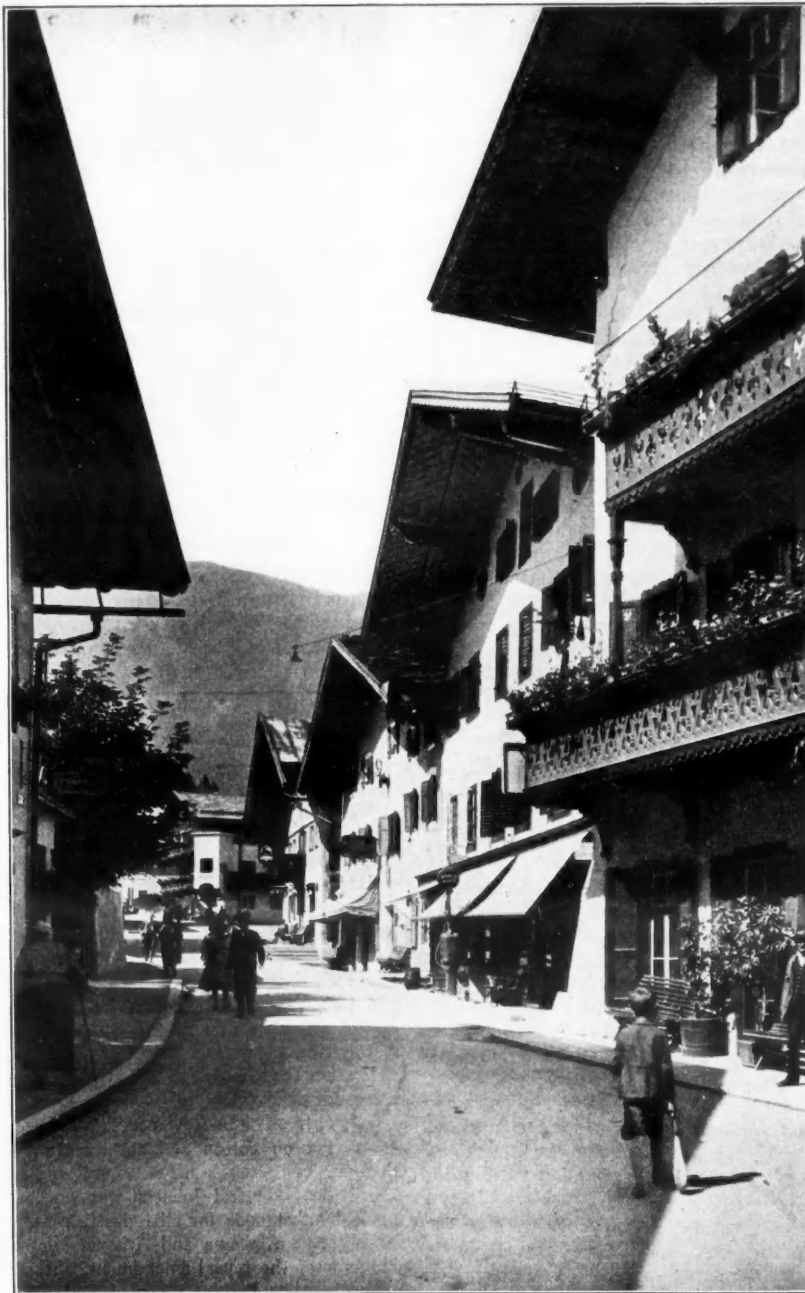
August 22. The Irish Free State government outlawed the Blue Shirts.

August 23. The large landowners of East Prussia agreed to divide their land for peasant settlement.

August 24. Italy makes trade concessions to Austria and Hungary in an effort to ease the central European situation.

August 25. The League of Nations refused to act in the Austrian situation but placed the task of ironing out the difficulties largely upon the shoulders of Mussolini. Thirty-three Nazi enemies, all exiled, were deprived of their citizenship by the German government.

August 31. The month ended with the Austrian situation the predominant international problem.



A MOUNTAIN TOWN IN AUSTRIA

© Ewing Galloway

Austria has lost heavily this summer because, owing to her dispute with Germany, many tourists have stayed away from the country. In the past the tourist trade has been a chief source of revenue to the country.

the party was outlawed. The American delegation urged the London conference to adopt a plan of public works for all countries as an unemployment relief measure.

June 23. Requests for adjournment of the London conference increased as the United States refused to take action on stabilization and tariff reduction at this time.

June 25. An acute situation between Germany and Austria seemed to be developing as officials of the Austrian government accused Hitler with sponsoring a reign of terror in Austria.

June 26. Thousands killed in Chinese flood. Senator Pittman pushed a plan for the rehabilitation of silver at the London conference.

June 27. The five important nations of Europe still on the gold standard joined

Germany was dissolved by the government.

July 6. Secretary Hull saved the London parley from adjournment by last-minute intervention. The Austrian government protested against Nazi radio propaganda from Germany. Disarmament conference postponed until fall.

July 8. An agreement between the Vatican and the German government was reached in Rome, granting to Catholics in Germany the status of equality.

July 9. Chancellor Hitler of Germany announced that his government would concentrate most of its attention on doing away with unemployment.

July 12. Mahatma Gandhi appeared ready to call for an end to his campaign of civil disobedience.

July 13. The British government rejected the public works proposal made by



THIS IS TO BE A THOROUGH JOB

—Hanny in Philadelphia INQUIRER

Advancement Under N. R. A. Codes Cited

(Continued from page 1, column 1)

began to operate it began to fire the imaginations of people to make them think that the government was leading the way to recovery. And thus a psychological state favorable to good business was fostered.

Dangers

These evidences of improvement were encouraging, but not wholly satisfying. There were real dangers of a setback to the recovery movement. During times of depression business has started to emerge and then has slid back into the depths again. Furthermore, there seemed to be no good prospect last summer that we would return to genuine prosperity. It was known that the increasing use of labor-saving machinery was depriving many workers of their jobs. It was apparent that even if the factories and mills and mines of the nation should reach a level of production as high as that reached before the depression they would not employ so many men. They had learned how to produce goods with less labor. It appeared a certainty that several million workers would still be unemployed even though business became very active again.

And so the NRA program was launched. Its purpose was to save the gains that had been made during the summer and to add other gains. One objective was to get away from the evil effects of the labor-saving machinery by providing that each worker should do less work—that he should work fewer hours a week. Thus jobs for more men and women would be assured. Wages, especially at the lower levels, were to be raised. More money would thus go to the pockets of the masses of the people. These people could buy more goods, and thus the increasing quantity of goods being turned out by the factories would be consumed. Surpluses would not appear. Each business man should, furthermore, be protected against unfair practices on the part of his competitors. All this, it was thought, would tend to keep the forces of recovery moving, to encourage business firms to keep on producing and to insure labor that it would get a larger share of the product of industry.

NRA Problems

Now the NRA program is well under way and, as we have pointed out in our "Week by Week With the NRA" articles, the big question is as to whether this program will result in greatly increased pur-

chasing power. Will it result in a considerable amount of reemployment? Will it raise wages materially? If it does these things, it may put enough money into the hands of the people so that they can buy all the things which the factories are producing—enough to justify an even greater output by the factories. If this happens, we will soon get out of the depression. Whether or not it is happening, no one can say to a certainty. It is still too early for that. Some competent observers think they see indications that purchasing power is increasing at a sufficiently rapid pace. Others equally well informed are not so optimistic about these possibilities.

Whatever the final outcome may be, certain results of the NRA program are already apparent and certain definite problems have appeared. The NRA regulations have had a disastrous effect upon certain classes of producers. The sweat shops have been practically driven out. They were particularly prevalent in the clothing industry. What per cent of the product of that or of other industries were produced by very cheap labor cannot be ascertained, but the proportion of such establishments has increased during the depression. It is said that not more than fifteen per cent of them can remain in business under the NRA. This will cause a certain disarrangement of some of the industries like the wearing apparel, bituminous coal mining and lumber industries. There will be some confusion because distributors will have to find different sources of supply from those to which they have been accustomed. But though there may be a little confusion for a few weeks the total result is not likely to be serious and the social advantage in the abolition of the sweat shops will be great.

Credit Needs

More serious is the fact that many small establishments without a great surplus of capital are finding it hard to obtain credit with which to carry the increased costs due to higher wages and other NRA requirements. Perhaps these establishments may reap benefit later on which will compensate them for their higher costs, but these benefits will come later and their need for credit to carry their added costs is immediate. Many business concerns are threatened by the lack of credit.

The banks are being criticized in some quarters for refusing to lend money to Blue Eagle firms. The failure of the banks to make these loans is seriously hampering the recovery movement for it is preventing the expansion of business, and if we are to recover rapidly business houses everywhere must expand their activities. Yet they cannot do it without borrowing money and this money the banks will not lend. In some cases, the banks may be open to criticism. They may be following a policy of unnecessary caution. But in other cases they are practically obliged to refuse the kind of loans that are demanded.

The bankers remember the condition they were in last March. They know that if they are to keep open, they must be very careful about their loans. They must not put much money out except in loans that they can quickly collect if they need money in a hurry. They can make short-

time loans on good security, but they cannot do too much lending on long terms. Then a great part of their money would be out so that they could not get at it. Their assets would not be in a liquid state. Consequently they could not meet sudden and excessive demands on the part of depositors. And in uncertain times like these, no banker can tell when sudden and excessive demands may be made.

Bankers' Position

There is another reason why banks must be especially careful just now. All of them must meet a severe test on the first of next January. On that date the deposit insurance feature of the new banking law goes into effect. After that time the deposits in banks will be guaranteed so that depositors will not suffer losses. There are certain limitations to this guaranty, but we need not consider them here. The broad fact is that the insurance of deposits begins to operate the first of next year. But before a bank can come in under these provisions and have its deposits insured, it must be in sound condition. Its soundness must be passed upon by the government, and if its assets are not in a liquid state, if it has too much money loaned out on long-term notes—money which it cannot quickly get back if needed—it will not be accepted by the government authorities. Then it cannot have its deposits guaranteed, and if it is not able to have its deposits insured, its depositors are likely to leave it and put their money in some bank which offers them a guaranty against loss. It is easy to see, therefore, why all banks should be very careful just now about making loans.

R. F. C. Loans

Perhaps the government can arrange after a while to lend money directly to private business enterprises in order that business may expand. The Reconstruction Finance Corporation is a corporation owned by the government and it makes loans to banks, insurance companies and certain other financial organizations. It also makes loans to railroads but is not permitted by law to lend to ordinary private business enterprises. It may be that the law will be changed when Congress meets next January so as to permit the Reconstruction Finance Corporation, or the R. F. C. as it is called, to lend money to private business concerns. Meanwhile, the R. F. C. may get around the law by lending money to mortgage companies, especially established to meet the crisis, with the understanding that these mortgage companies pass it on to private business companies. The mortgage companies can safely make long-time loans as the banks cannot, since the money held by banks may be called back at any time by depositors, while the money with which mortgage companies make their loans cannot be quickly called back.

However this problem of credit may be solved, it is today one of the very serious problems in the way of the success of the NRA. Industry must expand if more jobs are to be furnished to the unemployed in order for the private companies, which together make up industry, to expand. These companies must borrow money and loans are not now easy to obtain.

U. S. Hopes to Avoid Intervention in Cuba

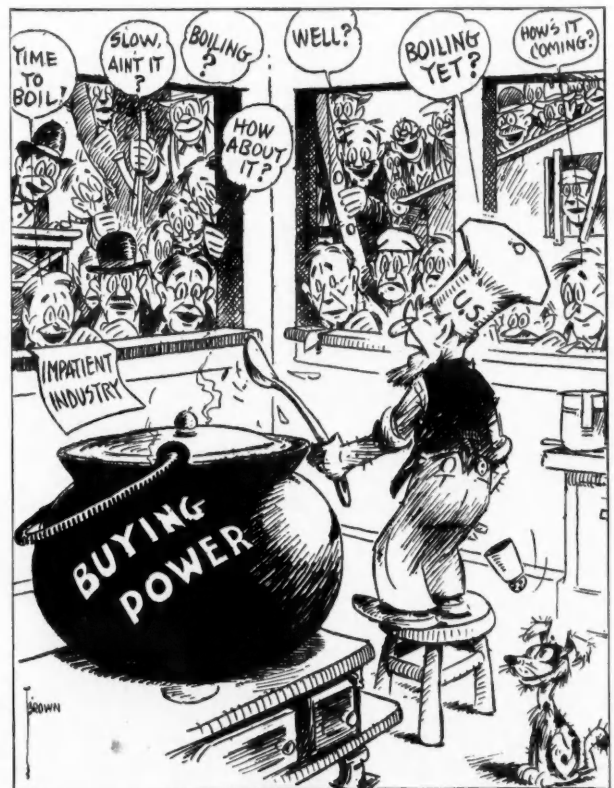
(Concluded from page 2, column 4)
car Cintas, he openly expressed his "good wishes" for Machado's "personal safety."

Roosevelt Policy

President Roosevelt appears to have taken account of the wishes of the Cuban people to be left alone and has done everything possible to avoid intervention. The present Cuban government, however, has radical tendencies and, if it remains in power, might conceivably enact legislation tending to deprive foreigners of some of their hold on Cuba. It is likely, therefore, that considerable pressure is being applied at the White House to induce the president to step in and force the acceptance of a more conservative government.

But as nearly as can be determined at this time President Roosevelt, if he is being so approached, is not listening. He has every reason to hope that American soldiers will not have to set foot on Cuban soil. Since the failure of the London Conference, the administration has turned its attention to Latin America and is about to launch a program designed to improve trade relations with our neighbors to the south. President Roosevelt has announced his "good-neighbor" policy and is anxious to cultivate the friendship of each Latin American country. After the second revolution broke out in Havana, he called in the diplomatic representatives of Argentina, Brazil, Chile and Mexico. He told them that he wanted them to have complete information and that the United States had no desire to intervene. This action was without precedent. In the past the United States has never consulted any other country about its Cuban policy.

But President Roosevelt apparently has the idea that not the United States alone but all the nations should be responsible for maintaining order on this hemisphere. In the past our government under the Monroe Doctrine has exercised a dominating influence over all Latin American republics. It is thought that President Roosevelt is planning to effect a change in this policy. Certainly our tactics in bygone years have won for us wide unpopularity in Latin America. Moreover, there is to be another Pan-American Congress in December in Montevideo. The president expects to achieve much at this meeting and is anxious not to raise ill-will against the United States by interfering with Cuba.



THE WATCHED POT

—Brown in N. Y. HERALD-TRIBUNE



Week by Week with the N. R. A.

Studies of the Government in Action



ALL other business at the NRA headquarters in Washington last week was subordinated to the question of the code for the bituminous coal industry. General Johnson and other officials of the recovery administration were exerting all possible efforts to bring the last of the major industries under the wing of the Blue Eagle. It appeared more than likely that the NRA would be obliged to step in, as it did in the case of the oil industry, and impose a code of its own because the mine operators and workers had failed to agree upon one after weeks of discussion and controversy. In fact, such a code was drafted by General Johnson on September 7, but the operators of bituminous mines were given a few days in which to file objections to its provisions. A final public hearing was scheduled for September 12 at which time the various objections were to be considered. It was expected that in spite of the numerous protests voiced the final code would be substantially the same as that drafted by the chief of the NRA.

The Coal Code

Objections to the rules and regulations contained in General Johnson's code were so numerous that many of the mine operators refused to list their grievances specifically. They said that the whole code was so unsatisfactory that they would not be bound by its provisions. Others threatened to appeal to the federal courts if the code were imposed upon them. Even the specific objections filed with the NRA were so numerous that the entire code would have had to be rewritten to comply with them. General Johnson was determined, however, that definite action should no longer be delayed and was prepared to announce the final code shortly after the public hearings of the twelfth.

The coal code as drafted by General Johnson provides for the abolition of child labor, no person under sixteen years of age being permitted to work inside the mines. It also stipulates the minimum wages which companies may pay their employees. These differ according to the location of the mines. They range from \$5.63 for an eight-hour day in Montana to \$3.00 a day in Alabama, Georgia and Southern Tennessee. The operators are prohibited from working their men more than eight hours in any one day and they must not work their employees more than an average of thirty-six hours a week during the twelve-month period. Furthermore, General Johnson's code provides that represent-

atives of the employers and employees shall meet with representatives of the NRA on December 1 in order to decide whether changes as to wages and hours and other matters shall be made.

Labor Issue

The major issue in this controversy over the coal code has been over the question of labor. The operators of coal mines which heretofore have employed men not belonging to national labor unions have balked the government at every turn when it has insisted that all employees shall have the right to organize as they see fit for collective bargaining purposes. When the automobile code was drawn up, it contained a "clarifying" clause declaring that employers have the right "to select, retain or advance employees on the basis of individual merit without regard to their membership or nonmembership in any organization." This encouraged the non-union coal operators and they thought that they could put a similar "clarifying" statement in their own code. But General Johnson immediately stated emphatically that there would be no more codes with such clauses.

Johnson Sides with Labor

In taking this stand General Johnson has sided with labor, for leaders of organized labor have insisted that such clauses merely guarantee the "open shop" since employers can dismiss members of national unions from their employ by saying that their individual services are unsatisfactory. In the long history of disputes between employers and workers prior to the establishment of the NRA, this was one of the most frequent complaints and labor insists that no such thing shall be allowed under the Blue Eagle. Consequently the Johnson coal code specifically states that "no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing." Thus, the United Mine Workers—the national union of coal miners—is assured that it can go into the non-unionized fields and organize the workers without the threat of their being discharged.

Hand in hand with these efforts to bring the coal controversy to an end and to ap-

prove codes for all the other industries of the nation, the NRA is planning to make its supreme effort to stimulate buying this month. A "buy now and buy under the Blue Eagle" campaign is to be launched officially throughout the country today. Upon the success of this campaign, or more accurately stated, upon the degree to which the great American consuming public supports the NRA will largely depend the success of the whole recovery movement. President Roosevelt, General Johnson and every other official of the NRA realized clearly that if consumers do not fall behind the movement and purchase to the limit goods from the concerns which have signed codes of fair competition the whole movement is likely to collapse. As General Johnson stated in his Labor Day address in Chicago:

If ever a people had their fate in their own hands, it is this people. The President has shown the way, provided the organization, written the prescription—but that is all that any law or any Executive can ever do for people—give them the chance to help themselves.

If we take that chance the goal is already in sight. If we neglect or abuse it, or permit others to do so, the great opportunity will go by. The National Recovery Act has done its part. The result is up to you.

It is only natural that the government should ask the people to cooperate with it in putting over the NRA program. It has asked all manufacturers and business concerns to add greatly to their operating expenses by raising wages, reducing hours of work, and increasing production. Those Blue Eagle concerns can bear the increased costs only if more of their products are sold. If the people of the nation refuse to buy under the Blue Eagle many of the concerns will be pushed to the wall. That is why the NRA is planning to launch a campaign similar to the war-time drives to sell government bonds. That is why more than a million and a half volunteer workers have been out canvassing every city, town and hamlet in the country asking the people to buy from Blue Eagle concerns. During the next few weeks every effort will be made to stir up a war-time enthusiasm and fervor on the part of the entire population.

Public Works

Meanwhile, the Public Works Administration seems to have taken on new life as

reports on unemployment indicate that the Blue Eagle campaign is falling short of its estimated reemployment figures. It was originally planned that the recovery movement should be stimulated by a vast program of public works. That is why the National Industrial Recovery Act had two main divisions, the one providing for the organization of private industry into trade associations and the adoption of codes designed to raise wages, reduce hours and reemploy men, and the other calling for the expenditure of \$3,300,000,000 by the federal government on public construction work.

Part of this money was to be spent by the federal government—for post offices and other public buildings—and part of it was to be spent by the states, cities, sanitary districts and certain other local bodies, which were to receive loans and outright grants, depending upon the nature of the project. The Public Works Administration immediately began work on the requests for funds from the appropriation. Up to the present time, it has allotted nearly one-half of the three billion dollars.

Program Lags

But actual construction has not yet made much headway. It is estimated that not more than 15,000 men have found jobs on these various projects, whereas the president had hoped that 1,000,000 would be employed by October 1. The Public

Works Administration has been the object of considerable criticism as a result of the failure of the public construction program to get under way.

Early this month, however, Secretary Ickes, who is in charge of the public works program, took decisive action to speed up the program and to get men back to work. He issued an order requiring all states, cities, or local bodies to which al-

lotments have been made to present evidence that the work will go forward without delay. They must submit the contract for the execution of the work within thirty days after the money has been advanced to them. If they fail to do so, the allotment will be withdrawn.

Secretary Ickes estimates that approximately eighty-five per cent of the money spent on public works will go to the men who work on the projects. He and his aides have insisted that allotments be made only for those projects which will furnish a maximum of employment. Thus, the public works program may be expected to add largely to the purchasing power.



"BUY NOW..."



"... AND BUY UNDER THE BLUE EAGLE"

Something to Think About

1. What in your opinion was the most important event or development during the summer in the foreign or international field? Explain the significance of this event or development.
2. "The World Economic Conference failed to improve trade conditions among the nations. Economic nationalism has been encouraged. The nations are more than ever determined to become increasingly independent economically. This proves that those who have been advocating the breaking down of trade barriers and freer trade relations among nations have been wrong." Are any of the statements just quoted false? If so, which? If the first three sentences are true, must the fourth necessarily be true?
3. Talk to one of your local bankers and ask him if there is great need of loans in your community—loans which the bank cannot safely make. Have him explain the situation. Write out a short report of the interview and send to THE AMERICAN OBSERVER.
4. Make a list of evidences that business has improved in the United States during the last half year.
5. What evidences, if any, do you find in your own community that business has improved since last spring?

Write out a brief answer to this question and send to THE AMERICAN OBSERVER.

6. How may workers gain and how may they lose, in the long run, by reason of the new organization of industry introduced by the NRA? How may these changes affect members of the general public such as the teacher, the clerk, the farmer?
7. Would you be willing to follow the plan outlined in the editorial quoted on page four under the title "A Constructive Suggestion"? If you believe in the plan, do you think you could help make it popular by discussing it with your associates? Can one really exert an influence for or against proposed legislation without voting?
8. To what extent is the United States government to blame for the chaos in Cuba? If the United States government is to blame, do you as a citizen share any of the responsibility?

References:

CUBA: (a) Cuba Under President Machado. *Current History*, April, 1933, pp. 29-34. (b) Wanted: A New Deal for Cuba. *Nation*, April 19, 1933, pp. 433-434. (c) Cuban Sugar Tale. *Living Age*, July, 1933, pp. 412-415. CRIME: (a) We Need a Bigger Crime Net. *American Magazine*, July, 1933, pp. 72-74. (b) Making War on the Gangs. *Forum*, March, 1931, pp. 134-141. (c) Problems of Criminology. *Annals of the American Academy of Political and Social Science*, May, 1933.